

Message Text

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PAGE 01 TEHRAN 09320 041144Z

43

ACTION NEA-10

INFO OCT-01 ISO-00 PM-03 NSC-05 SP-02 SS-15 RSC-01 EB-04

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R 040844Z NOV 74

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 8898

AMEMBASSY COLOMBO

INFO AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

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E.O. 11652: N/A

TAGS: PFOR, CE, IR, NO

SUBJECT: BANDARANAIKE VISIT FORCUSSES ON AID, INDIAN OCEAN

REF: COLOMBO 2994

1. PRIMIN BANDARANAIKE VISITED IRAN FROM OCTOBER 25 TO 31. FIRST FOUR DAYS WERE SIGHTSEEING IN ISFAHAN AND SHIRAZ, SO SUBSTANCE WAS COMPRESSED INTO FINAL TWO DAYS IN TEHRAN. SHE SAW SHAH, PIMMIN HOVEYDA, MINISTER OF ECONOMIC AFFAIRS AND FINANCE HUSHANG ANSARY, CENTRAL BANK GOV. MOHAMMED YEGANEH, AND OTHERS. FINAL COMMUNIQUE NOTED AGREEMENT ON NEED TO KEEP INDIAN OCEAN FREE FROM GREAT POWER RIVALRY, AND TO ASK THOSE POWERS TO KEEP NUCLEAR WEAPONS OUT OF REGION. IT ALSO GAVE SPECIFIC GSL SUPPORT FOR SHAH'S MIDDLE EAST NUCLEAR FREE ZONE IDEA, AND IMPLIED GENERAL SUPPORT FOR HIS INDIAN OCEAN COMMON MARKET/SECURITY GROUPING PROPOSAL. COMMUNIQUE SAID GOI WOULD COOPERATE IN VARIOUS ECONOMIC PROJECTS TO HELP THE ISLAND SOLVE ITS ECONOMIC PROBLEMS. AN ECONOMIC COOPERATION COMMITTEE IS TO BE SET UP.

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PAGE 02 TEHRAN 09320 041144Z

2. ACCORDING TO DEPUTY DIRECTOR KHALEGHIZED OF DIVISION OF

FOREIGN LOANS AND CREDITS IN MINISTRY OF ECONOMIC AFFAIRS AND FINANCE, GOI CURRENTLY PLANS TO MAKE ABOUT \$67 MILLION AVAILABLE IN CREDITS TO SRI LANKA. HE SAID \$32 MILLION WOULD BE IN FORM OF ADVANCE PAYMENTS FOR TEA IMPORTS, \$27 MILLION IN LOAN FOR FERTILIZER PLANT, AND \$8 MILLION LOAN TO CENTRAL BANK OF SRI LANKA FOR GENERAL BALANCE OF PAYMENTS SUPPORT. INDIVIDUAL LOAN AGREEMENTS REMAIN TO BE WORKED OUT. LOANS WILL BE AT CONCESSIONAL RATES OF INTEREST, BUT GOI NOT YET READY TO MAKE TERMS PUBLIC.

3. PRESS COVERAGE OF VISIT SUFFERED FROM FACT MRS. BANDARANAIKE ARRIVED JUST BEFORE BHUTTO'S ONE DAY VISIT AND DEPARTED JUST BEFORE SECRETARY KISSINGER'S ARRIVAL. GIFT OF BABY ELEPHANT TO CROWN PRINCE GOT MOST PLAY. PRESS WAS AWARE THAT SHE WAS LARGELY FINALIZING ECONOMIC ASSISTANCE ARRANGEMENTS ALREADY NEGOTIATED BY FELIX DIAS BANDARANAIKE DURING PREVIOUS VISITS.

4. COMMENT: MRS. BANDARANAIKE PROBABLY DID NOT COME AWAY WITH VOLUME OF ECONOMIC ASSISTANCE SHE WANTED. ONE PAPER SAID SHE HAD HOPED FOR MAJOR ASSISTANCE IN MAKING UP \$100 MILLION OF PAYMENTS DEFICIT. ACCORDING TO OFFICIAL GOI TRADE FIGURES, IRAN PURCHASED ONLY \$6.4 MILLION WORTH OF TEA FROM SRI LANKA DURING IRANIAN YEAR ENDING MARCH 20, 1974. TOTAL PURCHASES FROM SRI LANKA DURING THE YEAR WERE ONLY \$7.2 MILLION AND TOTAL IRANIAN TEA IMPORTS AMOUNTED TO ONLY ABOUT \$13.5 MILLION. SCOPE FOR RAPID REPAYMENT OF \$32 MILLION ADVANCE BY INCREASING SRI LANKA'S EXPORTS TO IRAN THUS WOULD SEEM LIMITED. ATTENTION DRAWN TO INDIAN OCEAN SECURITY BY VISIT WAS HELPFUL TO GOI BECAUSE IT UNDERLINED IRAN'S ROLE IN THAT REGION. IRAN'S COORDINATING ROLE INADVERTENTLY ENHANCED BY PRESENCE OF BHUTTO IN TEHRAN OCT 26-27. WE WONDER IF CEYLONSESE MAY FEEL SHAH IS STEALING MRS. BANDARANAIKE'S THUNDER ON THE ISSUE. IN ANY CASE, CEYLONSESE CONCERN OVER SHAH'S FAILURE TO INCLUDE SRI LANKA IN PROPOSAL FOR ECONOMIC DEVELOPMENT AND SECURITY GROUPING APPEARS TO HAVE BEEN ALLAYED.

HELMS

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Message Attributes

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